

102 KAR 1:185. Reciprocal program between County Employees Retirement System, Kentucky Employees Retirement System, State Police Retirement System, Legislators' Retirement Plan, Judicial Retirement System, and Teachers' Retirement System.

RELATES TO: KRS 6.525, 16.537, 21.427, 61.552, 61.680, 78.605, 161.600, 161.608

STATUTORY AUTHORITY: KRS 161.310

NECESSITY, FUNCTION, AND CONFORMITY: KRS 6.525, 16.537, 21.427, 61.552, 61.680, 78.605, 161.600, and 161.608 set forth a broad program of reciprocity among the retirement systems administered under provisions of KRS Chapters 6, 16, 21, 61, 78, and 161. This administrative regulation defines the benefits to be provided and the administrative procedures to be followed in arriving at the appropriate payments to be made to eligible persons.

Section 1. Upon death, disability, or service retirement, the following procedure shall be applicable to a member having an account in more than one (1) retirement system:

- (1) Combine the member's service in all systems;
- (2) Determine eligibility in each system based on combined service;
- (3) If eligible in any system, determine benefits; and
- (4) Check for specific exceptions such as prior service, request for separate account or special death or disability exception.

Section 2. (1) Reciprocity provisions shall not apply if the member requests that his or her accounts be separated.

(2) The "final average salary" shall be calculated by using the highest annual salaries regardless of the system under which the service was covered. Calculations shall be based on the procedures in use by each system concerned.

(3) Each system shall determine benefit payments on the basis of the final average salary and service credited in that system. Payments shall be made by each system in accordance with established procedures. If the normal age requirement has not been met, benefits shall be actuarially reduced.

(4) The member shall not be required to elect the same retirement option in both systems. Each annuity option shall apply only to the system for which it is elected.

(5) A member may elect to have each system treat his service credit in that system without regard to any other service credit, by requesting that his accounts be separated. If requested, "final average salary" shall be based on the salaries earned under each system separately.

Section 3. (1) If a member qualifies for disability benefits based on service in the system in which he is currently a contributing member, he shall receive disability benefits from that system based on the formula used by that system and the other system(s) shall pay:

(a) Benefits based on separate accounts if the member elects to maintain separate accounts;
or

(b) An actuarial accrued benefit based on the member's age, service, and final compensation, if eligible for this benefit; or

(c) A refund if requested by the member.

(2)(a) If the combined service in two (2) or more systems is used to qualify a member for benefits, all systems under which the combined service would meet service requirements shall participate in benefit payments.

(b) Each system shall calculate benefits using the formula in effect in that system.

(c) The Teachers' Retirement System shall pay benefits during the eligibility period in proportion to the service in the Teachers' Retirement System as it relates to total combined service.

(d) After the expiration of the eligibility period, the benefit shall be recalculated on the basis of Teachers' Retirement System service without discount.

(3) If the combined service of a member meets service requirements in only one (1) system, that system shall only pay benefits under their disability formula and the other system shall pay benefits under subsection (1)(a) to (c) of this section.

(4) The medical requirements for disability benefits shall be those of the system to which the member is currently contributing, if combined service meets service requirements of that system. If service requirements are met in only one (1) system, the medical requirements of that system shall prevail.

Section 4. (1) An active member with Teachers' Retirement System service who has not qualified for Teachers' Retirement System service retirement at the time of death shall have death and survivor benefit coverage as follows:

(a) A Teachers' Retirement System member currently employed in a position covered by the Teachers' Retirement System shall have full coverage for benefits provided by KRS 161.520 and KRS 161.655 without regard to service in any other system;

(b) A Teachers' Retirement System member currently employed in a position covered by the County Employees Retirement System, the Kentucky Employees Retirement System, or the State Police Retirement System shall qualify for coverage in proportion to the service in the Teachers' Retirement System as it relates to total combined service;

(c) Service in any of the state retirement systems affected by this administrative regulation shall qualify as continued coverage under the Teachers' Retirement System if the member was covered at the termination of employment under the Teachers' Retirement System and did not withdraw his account with the Teachers' Retirement System. This coverage shall continue until the time the member became eligible for death or survivor benefits in the system under which he is currently employed.

(2) An active member with Teachers' Retirement System service who has qualified for service retirement at time of death shall have coverage for death and survivors benefits as follows:

(a) If the member had sufficient Teachers' Retirement System service to qualify for retirement on that service only, full benefits shall be payable to qualified survivors as provided in KRS 161.520, 161.525 and 161.655. The annuity portion shall be calculated as provided in KRS 21.420 and 61.680 and actuarially adjusted for age and sex of the eligible survivor.

(b) If the member qualified for retirement only on the basis of combined service, the benefits under KRS 161.520 and 161.655 shall be paid in the same proportion as the Teachers' Retirement System service was to total combined service. The annuity portion shall be calculated as provided in subsection (2)(a) of this section.

Section 5. A former member of the Teachers' Retirement System who has withdrawn his account and last service credit may reinstate his account and service credit with the Teachers' Retirement System if:

(1) The member is a contributing member of the County Employees Retirement System, the Kentucky Employees Retirement System, the State Police Retirement System, the Legislators' Retirement Plan, or the Judicial Retirement System with at least one (1) year of contributing service; and

(2) If Prior Service is involved, the member shall have one (1) or more years contributing service in the Teachers' Retirement System subsequent to July 1, 1941.

Section 6. A member having valid service credit in more than one (1) of the state retirement systems may elect to purchase retirement credit for active duty time in one (1) system or he may

divide the service credit between two (2) systems. If service is to be divided the following additional requirements shall all be met:

- (1) The total military service credit in all systems shall not exceed six (6) years.
- (2) The same years active duty shall not be used in more than one (1) system.
- (3) Each system shall calculate the costs of military retirement credit in accordance with the statutes and administrative regulations of that system.

Section 7. (1) A Teachers' Retirement System member who has service credit in the Kentucky Employees Retirement System, County Employees Retirement System, State Police Retirement System, Legislators' Retirement Plan, or Judicial Retirement System shall have his total service in these retirement systems combined to determine eligibility for participation in the medical insurance program established by KRS 161.675.

(2) If a member is eligible for medical insurance benefits under KRS 161.675, the member may elect an insurance plan offered by any of the participating retirement systems in which the member has service credit.

(3) The cost of the member's medical insurance premium shall be prorated between the participating retirement systems based upon the member's service credit in each respective retirement system.

(4) The Teachers' Retirement System shall not pay a premium which exceeds the amount which the member is eligible to receive based upon the premium schedule in effect for each respective period of coverage.

(5) Spouses and eligible dependents may elect coverage if the member elects medical insurance coverage under the Teachers' Retirement System plan, except the retirement system shall not provide premium costs for spouses and eligible dependents if the member elects medical insurance coverage under the plan offered by any of the other participating retirement systems.

(6) Participation in the Teachers' Retirement System plan shall be limited to the period of coverage offered at the time of retirement or offered during subsequent periods of open enrollment.

(7) Reconciliation of prorated premium payments for medical insurance coverage between participating retirement systems shall be made not less than once during each fiscal year.

(8) The reciprocal provisions relating to medical insurance shall be retroactive to July 1, 1990. (1 Ky.R. 590; eff. 4-9-75; Am. 3 Ky.R. 379; eff. 12-1-76; 17 Ky.R. 2481; eff. 4-5-91; 19 Ky.R. 1097; 1529; eff. 1-4-93; 29 Ky.R. 2941; 30 Ky.R. 276; eff. 8-13-2003.)